

Customer Response to Dynamic Prices and Demand Response Programs in California Workshop

Tuesday, June 8, 2004

9 a.m.

SMUD Headquarters Building

6201 S Street

HCC Room

Sacramento, California 95817

(Wheelchair Accessible)

Overview – This workshop is designed to highlight the key findings from dynamic pricing and demand response program evaluations conducted over the last twelve months in California.¹ We hope to initiate a dialogue between key “demand response” program planners in California from investor owned and municipal electric utilities and energy efficiency program analysts about how these results might be utilized to integrate their program offerings. We also plan to invite interested members of the public, policy analysts and the researchers who have recently completed projects in this area. We plan to invite speakers to summarize findings from recent research in the following areas:

- Customer understanding of their current electricity rates and bills
- Customer understanding of key “demand response” terms, technologies and strategies
- Demand response in retail chain stores (kW & kWh) – Approach and results from the California Energy Commission small commercial program
- Customer reaction to marketing materials designed to explain the concept of time varying or dynamic rates: such as critical peak pricing rates
- Load impact results from the first summer of the Statewide Pricing Pilot
- Customer satisfaction levels with various types of new rates and or programs
- Effectiveness of the State’s Enhanced Automation Campaign (2001 to 2003)
- Evaluation of the impact of recent utility marketing campaigns to market critical peak pricing rates
- Forecasts of potential peak savings from the deployment of dynamic rates in California

We will also have a panel discussion of how to integrate the themes/messages and results from this research into energy efficiency programs.

The proposed Agenda is attached on the next page. If you are interested in attending this workshop, please RSVP to Mike Messenger at mmesseng@energy.state.ca.us

¹ The list of evaluations to be covered in these presentations is on the last page of this notice.

FINAL AGENDA
Customer Response to Dynamic Pricing and
Demand Response Programs Workshop
June 8, 2004

Overall Workshop Theme – What have we learned about how customers respond or adapt to dynamic prices? What are the key ingredients to helping customers understand new dynamic rates and or demand response programs? Can these ingredients be combined with existing energy efficiency program marketing materials to provide better choices or programs for customers?

9:00 a.m. Understanding the Baseline Market Conditions

Questions to be addressed in papers: What do customers know about their current rates and bills? What improvements would they like to see in monthly bills? What motivates customers to take action to invest in control equipment or to choose Dynamic rates? Is there an ideal target customer segment for dynamic pricing rates/demand response programs? Do customers understand or care about the difference between energy efficiency and demand response programs?

Speakers:

- 1) Julia Larkin (KEMA-Xenergy), Evaluation of the CEC Enhanced Automation Program (2001-2003)
- 2) Sabrina Lomeu (Momentum) Residential Customer Understanding of Electricity Usage and Billing
- 3) Loren Lutzenhiser (Portland State), Customer Reactions to the Energy Crisis in California

10:30 a.m. Communicating the Concept of Demand Response or Dynamic Pricing

Questions: What types of recruiting campaigns or program designs have worked? Are there any common themes/approaches in successful programs? What types of marketing materials are most effective in communicating rate design choices? What types of materials were most effective in communicating the need for time differentiated pricing?

Speakers:

- 1) Michael Gibbs (ICF): Recruiting Small Commercial Customers to Demand Response Program: Challenges and Results
- 2) Mike Rufo (Quantum): Survey of Baseline Customer Attitudes and Communication Strategies to Market Critical Peak Pricing Rates in the Medium to Large Commercial Sector
- 3) Craig Sherman (SMUD): Communicating SMUD's Power Choice Program

1:15 p.m. Customer Reactions to Dynamic Pricing and Demand Response Programs

Questions: How do customers react/adapt to dynamic pricing signals? Do customers perceive it takes a lot of effort? Are their efforts worthwhile? Are customers satisfied? Can the results of actions taken be verified through feedback?

Speakers:

- 1) Dean Schultze (SCE); End of Summer Survey of Participants in the Statewide Pricing Pilot
- 2) Mary Anne Piette, (LBNL) Fully Automated Demand Response at Five Test Sites
- 3) Dan Violette, (Summit Blue) Residential Customer Response to Real Time Pricing in Chicago

2:45 p.m. System Wide Load Impacts from the Mass Deployment of Dynamic Rates

Questions: What do the preliminary results from the California residential pilot and or the introduction of CPP rates in the commercial sector tell us about future levels of peak savings from dynamic pricing? What are the key uncertainties in making projections of peak savings from a set of rate offerings? Can peak savings from dynamic rates be predictably “dispatched” to reduce load on hot summer days?

Speakers:

- 1) Ahmad Faruqui, (Charles River Associates), Statewide Pricing Pilot: Summer 2003 Load Impact Analysis: Potential Savings from the Residential Sector
- 2) Steve Braithwait, (Christensen & Associates) Peak Demand Impacts of C&I Customer Access to Hourly Usage Information and TOU Rates.

4:00 p.m. Panel Discussion – Integrating dynamic pricing “themes or messages” with energy efficiency programs – Can it be done? Should it be done? What are the costs and barriers to integration?

Panelists: Bob Kinert, (PG&E), Marty Katz (SMUD), Linda Ziegler (SCE), Roger Levy (CEC Consultant) and Susie Sides (SDG&E)

Evaluations to Be Covered at the Workshop

1. KEMA-Xenergy, Enhanced Automation Education Campaign, Final Report: Prepared for the CEC, March 2004
2. Summit Blue, Evaluation of the Power Choice Program. Prepared for SMUD, May 2004.
3. Momentum Market Intelligence, Residential Customer Understanding of Electricity Usage and Billing. Prepared for SCE, PG&E and SDG&E, October 2003.
4. Charles River Associates, Statewide Pricing Pilot: Summer 2003 Load Impact Analysis. Prepared for SCE, PG&E and SDG&E.
5. Momentum, End of Summer Survey of Participants in the Statewide Pricing Pilot. Prepared for SCE, PG&E and SDG&E, January 2004.
6. Quantum Consulting, Working Group 2, Demand Response Program Evaluation, Summary of Phase 1 Results. Prepared for SCE, PG&E and SDG&E, April 2004.
7. ICF, Small Commercial and Industrial HVAC and Lighting Demand Response Program. Prepared for the CEC, March 1, 2004.